

Message Text

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ACTION EB-07

INFO OCT-01 EA-09 ISO-00 AGRE-00 CEA-01 CIAE-00 COME-00

DODE-00 FRB-01 H-02 INR-07 INT-05 L-03 LAB-04 NSAE-00

NSC-05 PA-02 AID-05 CIEP-02 SS-15 STR-04 ITC-01

TRSE-00 USIA-15 PRS-01 SP-02 FEAE-00 OMB-01 AF-08

ARA-10 EUR-12 NEA-10 IO-13 /146 W

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R 140840Z JAN 77

FM AMEMBASSY SEOUL

TO SECSTATE WASHDC 1521

INFO AMEMBASSY TAIPEI

AMEMBASSY TOKYO

UNCLAS SECTION 1 OF 2 SEOUL 0370

E.O. 11652: N/A

TAGS: ETRD, KS

SUBJ: KOREAN PRESS REACTION TO PROPOSED TARIFF QUOTA FOR
NON-RUBBER FOOTWEAR

REF: SEOUL 286

SUMMARY: KOREAN PRESS ACCOUNTS OF THE INTERNATIONAL TRADE COMMISSION'S RECOMMENDATION OF A TARIFF QUOTA FOR NON RUBBER FOOTWEAR HAVE ACCENTED THE ADVERSE EFFECT THE MOVE WOULD LIKELY HAVE ON THE KOREAN FOOTWEAR INDUSTRY AND SUBSEQUENTLY THE ECONOMY. EDITORIAL COMMENT HAS FOCUSED ON WHAT IS CHARACTERIZED AS AN UNJUSTIFIABLE BASE YEAR AND CALLS FOR KOREAN GOVERNMENT POLICY TO AID KOREAN INDUSTRY TO OVERCOME INCREASING PROTECTIONISM. OTHER THAN ONE REPORT IN THE "HERALD" QUOTING DPM NAM, THERE HAS BEEN A NOTABLE LACK OF PUBLIC COMMENT BY HIGH RANKING KOREAN GOVERNMENT OFFICIALS. MOST ARTICLES USE "MINISTRY OF COMMERCE AND INDUSTRY" "MINISTRY OF FOREIGN AFFAIRS" OFFICIALS AS SOURCES OF GOVERNMENT CONCERN THAT FOOTWEAR IS FIRST OF MANY KOREAN PRODUCTS THAT WILL EVENTUALLY FACE RESTRICTIONS IN THE

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U.S. MARKET. PRESS STORIES ALSO MENTION THAT KOREA WILL BE SENDING REPRESENTATIVES TO US TO LOBBY AGAINST THE ITC RECOMMENDATION. AT LEAST ONE VERNACULAR EDITORIAL FINDS A WAY TO BLAME THE JAPANESE.

END SUMMARY.

1. THE FIRST REPORTS OF THE ITC RECOMMENDATION WERE

CARRIED BY THE KOREAN PRESS JANUARY 8, AND, IN ADDITION TO GIVING A STRAIGHT FORWARD ACCOUNT OF THE ACTION, SOUGHT TO ANALYSE THE EFFECT ON KOREAN EXPORTS. THE "TIMES" AND HERALD" BOTH HAD FRONT PAGE STORIES AS DID THE VERNACULAR "HANKOOK ILBO AND CHOSUN ILBO." THE SATURDAY ARTICLES, CITING MCI ESTIMATES OF 1977 EXPORTS TO THE US OF \$350 MILLION, AS WELL AS 1976 EXPORT FIGURES OF 50 MILLION PAIRS, ALL PUT THE LOSS FOR KOREA IN EXCESS OF \$100 MILLION IN 1977.

2. BY JANUARY 9 COVVERAGE WAS BROADER WITH EDITORIALS IN THE "HERALD" AND ITS KOREAN TWIN THE "HANKOOK ILBO." ARTICLES ON THE 9TH REPORTED THAT A MEETING WAS HELD AT MCI, JANUARY 8, BETWEEN GOVERNMENT AND INDUSTRY OFFICIALS TO DISCUSS WAYS OF COUNTERING THE ITC PROPOSAL. BOTH THE "HERALD" AND "TIMES" REPORTS OF THE MEETING SAID THAT MINISTRY OF COMMERCE AND INDUSTRY (MCI) AND MINISTRY OF FOREIGN AFFAIRS (MOFA) OFFICIALS CLAIMED THAT KOREAN WOULD SEEK TO ORCHESTRATE A DIPLOMATIC EFFORT BY THE EFFECTED COUNTRIES AGAINST THE ITC PROPOSAL. THE "TIMES" MENTIONED THAT MCI AND THE INDUSTRY WOULD PROTEST THROUGH THE EMBASSY AT SEOUL. THE "TIMES" ALSO CARRIED AN ARTICLE DATED NEW YORK WHICH STATED THAT THE HEAD OF THE VOLUME FOOTWEAR RETAILERS OF AMERICA HAD CALLED THE ITC DECISION "UNNECESSARILY RESTRICTIVE "BECAUSE IT ALLOWS "TOO FEW IMPORTS AT THE NORMAL RATE".

3. ON JANUARY 11 ARTICLES IN THE "TIMES" AND "HERALD" STATED THAT ACCORDING TO MCI SOURCES FOOTWEAR WAS BUT UNCLASSIFIED

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ONE OF SEVERAL KOREAN PRODUCTS WHICH FACED US RESTRICTIONS. THE ACCOUNTS SAID THAT THE ITC HAD RECOMMENDED QUALITATIVE RESTRICTIONS ON BLACK AND WHITE AND COLOR TV SETS, ELECTRONIC WATCHES, CANNED MUSHROOMS, AND THAT THE USG WOULD IMPOSE COUNTERVAILING DUTIES ON HANDBAGS, LEATHER GARMENTS AND FISHING NET YARNS. THE TREASURY WAS REPORTED AS SURVEYING DUMPING OF KOREAN SEASONINGS (MSG) AND SACCARRINE, AND THE FDA WAS CURBING IMPORTS OF GINSENG AND SEDGE. AN ALLIED STORY, STATED THAT THE OPPOSITION NEW DEMOCRATIC PARTY HAD USED THE POSSIBLE FOOTWEAR RESTRICTION AS ONE OF ITS REASONS FOR ITS CALL FOR A SPECIAL SESSION OF THE NATIONAL ASSEMBLY. THE REQUEST WAS REFUSED BY THE RULING DEMOCRATIC REPUBLIC PARTY.

4. THE ONLY ARTICLE OF CONSEQUENCE TO APPEAR ON THE 12TH WAS A REPORT IN THE "HERALD" THAT DURING A CALL BY THE INTERNATIONAL INDUSTRIAL INSTITUTE TEAM, DPM NAM TOOK THE OCCASION TO EXPRESS "GRAVE CONCERN" ABOUT THE PRO-

POSED QUOTA AND TO POINT OUT THAT THE MOVE WOULD SERIOUSLY UNDERCUT THE DEVELOPMENT EFFORTS OF COUNTRIES SUCH AS KOREA. NO OTHER HIGH RANKING KOREAN GOVERNMENT OFFICIAL HAS BEEN QUOTED BY THE PRESS ABOUT THE ITC PROPOSAL.

5. ON JANUARY 13 MUCH OF THE PRESS WAS DEVOTED TO COVERAGE OF THE PRESIDENTIAL NEWS CONFERENCE. TWO BRIEF ARTICLES, HOWEVER, MADE MENTION OF THE FOOTWEAR PROBLEM. IN ONE IT WAS NOTED THAT BUSINESSMEN COMMENTING ON THE PRESIDENT'S REMARKS SAID THAT IT WOULD BE NECESSARY TO RAISE THE QUALITY OF KOREAN EXPORTS IN ORDER TO OVERCOME IMPORT RESTRICTIONS. A "TIMES" ARTICLE INDICATED THAT FOUR REPRESENTATIVE OF THE FOOTWEAR INDUSTRY WOULD TRAVELLING TO THE U.S. TO CONSULT WITH GOVERNMENT AND INDUSTRY ABOUT THE PROPOSED QUOTA.

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6. EDITORIAL COMMENT, IN ADDITION TO GOING THROUGH THE LITANY OF THE POTENTIAL LOSS OF EXPORTS, VARIOUSLY PUT AT BETWEEN \$100 AND \$170 MILLION, MAKE MUCH OF WHAT

THEY CHARACTERIZE AS THE "UNREASONABLE".
"EXHORBITANTLY HARSH" AND "PARTIAL" CHOICE OF 1974
AS THE BASE YEAR FOR THE QUOTA. AFTER DRIVING HOME
THAT POINT THE EDITORIALS POINT OUT THAT IT
WILL BE THE CARTER ADMINISTRATION MAKING THE DECISION,
THAT THERE HAS BEEN SOME SPECULATION THAT IT WILL BE
A PROTECTIONIST ADMINISTRATION, AND THEN CONCLUDE BY
URGING THE KOREAN GOVERNMENT TO TAKE ACTION (UNSPECIFIED)
TO AMELIORATE THE DAMAGE. EDITORIALS WHICH FOLLOW THIS
PATTERN BEGAN JANUARY 9 IN THE TWIN ENGLISH "TIMES" AND
KOREAN "HANKOOK ILBO" AND HAS CONTINUED THROUGHOUT THE
WEEK IN THE GOVERNMENT "HERALD" (WED) AND VERNACULAR
PRESS IN SEOUL AND THE PROVINCES.

7. THE DONG A ILBO IN ITS EDITORIAL OF JAN. 11 FOUND
A DIFFERENT REASON AND SOLUTION FOR THE PROBLEM. IT
SAID THAT IMPORTS FROM JAPAN WERE THE ROOT CAUSE.
IF KOREA HAD IMPORTED ITS SHOE MAKING MACHINES FROM
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THE U.S. IT WOULD BE IN A BETTER POSITION TO FIGHT THE
QUOTA. SOLUTION IS TO RESTRICT IMPORTS FROM JAPAN
AND FREE IMPORTS FROM OTHER COUNTRIES.
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Message Attributes

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